

Message Text

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ACTION EB-07

INFO OCT-01 AF-06 ARA-06 EUR-12 EA-06 NEA-09 IO-10 ISO-00

AGR-05 CEA-01 CIAE-00 COME-00 DODE-00 FRB-03 H-02

INR-07 INT-05 L-02 LAB-04 NSAE-00 NSC-05 PA-01 AID-05

CIEP-01 SS-15 STR-01 TAR-01 TRSE-00 USIA-06 PRS-01

SP-02 FEAE-00 OMB-01 OIC-02 SAM-01 /128 W

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P R 201754Z MAR 75

FM AMEMBASSY LONDON

TO SECSTATE WASHDC PRIORITY 9493

INFO USMISSION GENEVA PRIORITY

USMISSION EC BRUSSELS PRIORITY

AMEMBASSY BONN

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PASS AGRICULTURE

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E.O. 11652: N/A

TAGS: EAGR, ECRP, XX
SUBJECT: IWC PREPARATORY GROUP

1. START SUMMARY. IWC PREPARATORY GROUP (PG) MET MARCH 19-20 TO EXAMINE POSSIBLE BASES FOR NEW ARRANGEMENT TO REPLACE INTERNATIONAL WHEAT AGREEMENT. MAJOR IWA MEMBERS ATTENDED WITH EXCEPTION OF USSR AND BRAZIL. EC QUICKLY MADE CLEAR ITS ADAMANT OPPOSITION AT THIS STAGE TO DISCUSSING GRAINS IN ANY FORUM OTHER THAN MTN. FOLLOW-ING INFORMAL MEETING WITH OTHER EXPORTERS, EC RELUCTANT- LY AGREED TO WORK PROGRAM IN WHICH INDIVIDUAL MEMBERS WOULD SUBMIT PAPERS TO PG MEMBERS THROUGH CHAIRMAN, AND GROUP WOULD MEET AGAIN IN LATE MAY. END SUMMARY.

2. FIRST MEETING OF PREPARATORY GROUP TO CONSIDER BASES FOR POSSIBLE NEW INTERNATIONAL AGREEMENT TO REPLACE INTERNATIONAL WHEAT AGREEMENT 1971 HELD MARCH 19-20 IN LONDON. PRESENT WERE DELEGATIONS FROM CANADA, AUSTRALIA, ARGENTINA, JAPAN, EC COMMISSION AND EC MEMBER STATES, INDIA, EGYPT, SWITZERLAND, SWEDEN, SOUTH AFRICA AND US. NOTABLE ABSENTEES WERE USSR AND BRAZIL. BRAZIL APPARENT- LY UNABLE TO ATTEND DUE TO MEETINGS BEING HELD CON- CURRENTLY ON COFFEE, USSR APPARENTLY DECIDED NOT TO ATTEND BECAUSE OF SOVIET UNCERTAINTY ABOUT WHERE POSSIBLE AGREEMENT ON GRAIN RESERVES IS HEADED, THEIR UNHAPPINESS ABOUT AGENDA WHICH INCLUDED SPECIFIC SUB-ITEM ON RESERVES AND THEIR UNCERTAINTY, AND PERHAPS UNHAPPINESS, ABOUT EARLIER DISCUSSIONS ON POSSIBILITY OF EXPANDING PRESENT AGREEMENT (IWA 1971) TO COVER OTHER GRAINS AS WELL AS WHEAT.

3. J. H. PAROTTE, EXECUTIVE SECRETARY INTERNATIONAL WHEAT COUNCIL, LONDON, WAS ELECTED CHAIRMAN WITHOUT OBJECTION. CANADA, SUPPORTED BY US, IMMEDIATELY MOVED DRAFT AGENDA BE AMENDED TO DELETE SUB-ITEM REGARDING RESERVE PROVISIONS AND PROPOSED DISCUSSION NOT EXCLUDE ANY PROVISION WHICH MIGHT PROVIDE BASES FOR FUTURE AGREE- MENT. MOTION IMMEDIATELY AGREED.

4. OPENING STATEMENTS CENTERED ON: (1) A REVIEW OF LIMITED OFFICIAL USE

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POSSIBLE BASES FOR NEW AGREEMENT TO REPLACE EXISTING IWA AND (2) FUTURE WORK PROGRAM. INITIAL COUNTRY STATEMENTS REVIEWED EVENTS LEADING TO PREPARATORY GROUP (PG) FORMA- TION AND CONCLUDED THAT A STRONG, COMMON INTEREST HAS NOW EMERGED AMONG ALL COUNTRIES FOR CONSIDERATION OF POSSI- BILITIES FOR A MORE SUBSTANTIVE AGREEMENT THAN PRESENT IWA. IMPORTANT ROLE FOR RESERVES WAS MENTIONED FAVORABLY BY ALL AND SUPPORTED STRONGLY BY NEARLY ALL. USDEL

EMPHASIZED THE ROLE THAT STOCKS SHOULD PLAY IN POSSIBLE
NEW AGREEMENT AND INDICATED THAT THIS WOULD GO A LONG WAY
TOWARD MEETING THE INTERESTS OF OTHERS WHOSE MAIN OBJEC-
TIVES (PRICE PROTECTION OR MARKET STABILITY) ARE DIFFER-
ENT FROM THE PRIMARY US OBJECTIVE (FOOD SECURITY); SAID
US ALSO INTERESTED IN STABILITY BUT PERHAPS NOT TO SAME
EXTENT OF OTHERS. JAPAN STRESSED THAT NEW AGREEMENT
SHOULD BE ONE CAPABLE OF WORKING NOT ONLY IN NORMAL
SITUATION BUT ALSO UNDER EXTREME OR ABNORMAL SITUATION
SUCH AS EXPERIENCED RECENTLY; ALSO, THAT IT SHOULD ENSURE
STABLE SUPPLY FOR IMPORTERS AND ACCESS TO MARKETS FOR
EXPORTERS. EGYPT, INDIA, AND ARGENTINA, AS USUAL,
STRESSED IMPORTANCE OF MEASURES TAKING ACCOUNT OF LDC
NEEDS AND THE IMPORTANCE OF COORDINATING CLOSELY WITH
UNCTAD AND DISCUSSIONS IN OTHER FORA; EGYPT ALSO ADVANCED
THE NOTION OF A TWO-TIER PRICE FRAMEWORK FOR WHEAT GIVING
CONCESSIONAL PRICE TO LDC COUNTRIES WITH SEVERE BOP

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CIEP-01 SS-15 STR-01 TAR-01 TRSE-00 USIA-06 PRS-01

SP-02 FEAE-00 OMB-01 OIC-02 SAM-01 /128 W

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P R 201754Z MAR 75

FM AMEMBASSY LONDON

TO SECSTATE WASHDC PRIORITY 9494

INFO USMISSION GENEVA PRIORITY

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AMEMBASSY BONN

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PASS AGR

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DIFFICULTIES. IN RESERVES DISCUSSIONS, ARGENTINE WAS ONLY COUNTRY WHO SPOKE OF NEED FOR SPECIFIC COMMITMENTS TO AVOID "ACCUMULATIONS OF EXCESS RESERVES IN DEVELOPED COUNTRIES" AND FOR PREFERENTIAL TREATMENT FOR GRAIN EXPORTS OF DEVELOPING COUNTRIES. TWO MAIN ISSUES ARISING FROM BASIC COUNTRY STATEMENTS WERE: (1) DISTINCTION BETWEEN PRICE AND QUANTITY AS BASIC MEANS FOR OPERATING RESERVES STOCK ARRANGEMENT, AND (2) DIFFERENCE MAINLY BETWEEN EC AND MAJOR EXPORTERS OVER THE RELATIONSHIP BETWEEN PG WORK AND OTHER DISCUSSIONS NOW OCCURRING OR PLANNED SUCH AS GATT AND UNCTAD.

5. EC PROVIDED ONLY REAL OBSTACLE, MAKING IT INCREASINGLY CLEAR OVER COURSE OF FIRST SESSION THAT IT WOULD ONLY DISCUSS RESERVES OR ANY OTHER POSSIBLE PROVISIONS OF WHEAT OR GRAINS AGREEMENT IN CONTEXT OF MTN. STATED EC PROPOSALS ON GRAIN WOULD BE REVEALED IN AGRICULTURE COMMITTEE MEETING IN GENEVA BEGINNING MARCH 24, AND THE IWC PG SHOULD POSTPONE FURTHER WORK UNTIL EC POSITION KNOWN. EC REP (MALVE) IGNORED REQUESTS THAT IT PROVIDE IWC SECRETARIAT WITH COPY ITS PROPOSALS ONCE THEY WERE MADE IN MTN. WHEN OTHER COUNTRIES EXPRESSED THEIR UNWILLINGNESS TO STOP IWC WORK TO WAIT FOR EC'S GATT PROPOSAL, MALVE STATED FLATLY THAT AT THIS STAGE EC COULD ONLY NEGOTIATE ON GRAINS WITHIN FRAMEWORK OF GATT. IN FACE OF OBVIOUS IMPASSE, CHAIRMAN ADJOURNED SESSION UNTIL NEXT DAY, AND LATER MET INFORMALLY WITH REPS OF EC, CANADA, AUSTRALIA, ARGENTINA AND US. PRESSED BY OTHER FOUR EXPORTERS, MALVE ACKNOWLEDGED IN THIS SMALL GROUP THAT AS

RESULT OF MEETING WITHIN COMMISSION PREVIOUS EVENING, HE UNDER STRICT INSTRUCTIONS NOT TO AGREE TO ANY FURTHER WORK BY SECRETARIAT, INCLUDING REVISION OF EXISTING SECRETARIAT PAPERS, OR TO ANY FURTHER MEETINGS OF PG. AS RESULT OF INFORMAL MEETING, HOWEVER, HE AGREED TO SEEK AUTHORITY TO NOT OPPOSE WORK PROGRAM IN WHICH (1) INDIVIDUAL COUNTRIES WOULD SUBMIT PAPERS OF THEIR CHOOSING TO SECRETARIAT FOR REWORKING AND DISTRIBUTION TO PG AND (2) SECRETARIAT WOULD THEN CONSULT WITH MEMBERS AND FORMALLY FIX DATE FOR NEXT MEETING, WITH EC GIVING ITS PRIOR AGREEMENT TO MEETING DURING WEEK OF MAY 28. MALVE CONFIRMED EC ACCEPTANCE THIS WORK PROGRAM MORNING MARCH 20. LIMITED OFFICIAL USE

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6. THURSDAY AM SESSION QUICKLY CONCLUDED ALONG FOLLOWING LINES:

(A) PAPERS TO BE SUBMITTED TO CHAIRMAN DURING NEXT FEW WEEKS BY VARIOUS MEMBER COUNTRIES, COVERING TECHNICAL ASPECTS OF THOSE ELEMENTS OF POSSIBLE AGREEMENT IN WHICH EACH HAS EXPRESSED STRONG OR LEADING INTEREST.

(B) CHAIRMAN WOULD "ADOPT AND ANONOMIZE" THESE PAPERS AND CIRCULATE PROMPTLY TO PREPARATORY GROUP MEMBERS.

(C) CHAIRMAN WOULD SET THE TIME OF NEXT MEETING IN DUE COURSE AFTER CONSULTATION WITH PREPARATORY GROUP MEMBERS. (DUE SPACE AVAILABILITY AND OTHER CONSIDERATIONS, PAROTTE PRIVATELY INDICATED THAT HE PLANS WEEK OF MAY 28.)

(D) BRIEF RECORD OF THIS FIRST MEETING TO BE CIRCULATED TO ALL COUNCIL MEMBERS, AND ITS TRANSMITTAL TO USSR WOULD BE ACCOMPANIED BY EXPRESSION OF HOPE THAT USSR COULD TAKE ACTIVE ROLE IN FUTURE MEETINGS.

7. PAPERS VOLUNTEERED BY DIFFERENT COUNTRIES AS FOLLOWS:

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CIEP-01 SS-15 STR-01 TAR-01 TRSE-00 USIA-06 PRS-01

SP-02 FEAE-00 OMB-01 OIC-02 SAM-01 /128 W

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P R 201821Z MAR 75

FM AMEMBASSY LONDON

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INFO USMISSION GENEVA PRIORITY

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(A) CANADA -- (1) MEASURES FOR COORDINATION OF
NATIONAL POLICIES, (2) "IMPORTER/EXPORTER" OBLIGATIONS,
I.E. SUPPLY AND PURCHASE ASSURANCES, (3) DEFINITIONS,
I.E. RESERVES, ETC.

(B) EGYPT -- CONCESSIONAL PRICING ON WHEAT SALES
FROM DC-EXPORTERS TO LDC'S, READ NON-OIL PRODUCING LDC'S.

(C) AUSTRALIA -- (1) COMMODITY COVERAGE OF RESERVES

ELEMENT, (2) SIZE AND SHARING OF RESERVES, (3) PRICE
APPROACH FOR TRIGGER AND MANAGEMENT OF RESERVES, (4)
THREE FORMS OF APPROACH, I.E. COMMITMENTS, GUIDELINES, OR
OBLIGATIONS TO MERELY CONSULT, TOWARD COOPERATION ON
POLICIES AFFECTING TRADE, SUCH AS CONTROLS AND INCENTIVES
FOR PRODUCTION, ETC.

(D) USA -- (1) SIZE OF RESERVES, (2) QUANTITY
APPROACH TO TRIGGER AND MANAGEMENT OF RESERVES, (3) HOW
WHEAT RESERVES WOULD BE RELATED TO OTHER GRAINS (COARSE
GRAINS AND RICE), (4) HOW STOCKS SHOULD BE REPORTED FOR
PURPOSES OF AGREEMENT OPERATION, (5) HOW STOCKS WOULD
RELATE TO FOOD-AID, ESPECIALLY IN CONTEXT OF TEN-MILLION
TON PROPOSAL FROM WFC, AND (6) HOW LIVESTOCK FEEDING
MIGHT FIT INTO DRAW-DOWN OF RESERVES.

DECON DECEMBER 31, 1975

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Message Attributes

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Draft Date: 20 MAR 1975
Decaption Date: 01 JAN 1960
Decaption Note:
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Disposition Approved on Date:
Disposition Authority: GolinoFR
Disposition Case Number: n/a
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Handling Restrictions: n/a
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To: STATE
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